

SENATE, No. 2340

STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED MARCH 21, 2022

Sponsored by:

Senator NILSA I. CRUZ-PEREZ

District 5 (Camden and Gloucester)

SYNOPSIS

Establishes the “New Jersey Residential Foreclosure Transformation Act.”

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning the transfer and dedication of foreclosed
2 residential properties for affordable housing, supplementing Title
3 55 of the Revised Statutes, and amending Title 2A of the New
4 Jersey Statutes.

5
6 **BE IT ENACTED** *by the Senate and General Assembly of the State*
7 *of New Jersey:*

8
9 1. (New section) This act shall be known and may be cited as the
10 "New Jersey Residential Foreclosure Transformation Act."

11
12 2. (New section) The Legislature finds and declares that:

13 a. Over the past decade there was an enormous expansion in the
14 number of mortgage foreclosure filings in New Jersey and across the
15 nation. The number of mortgage foreclosure actions filed in the New
16 Jersey Courts grew from just over 20,000 in 2005 to more than 66,000
17 in 2009. Filings remained elevated for nearly a decade until recently
18 returning to normal levels.

19 b. Many of these foreclosed residential properties remain vacant,
20 undermining the health, safety, and economic vitality of
21 neighborhoods, depressing their property values, and reducing
22 revenues to municipalities.

23 c. It is the public policy of this State to encourage the production
24 of low-income and moderate-income housing to serve the general
25 welfare of all the State's residents.

26 d. The availability of tens of thousands of foreclosed residential
27 properties presents a unique opportunity for the State to facilitate the
28 purchase and dedication, or the rental, of housing units for low-
29 income and moderate-income residents.

30 e. Establishment of a State program dedicated to the purpose of
31 identifying foreclosed residential properties and facilitating their
32 purchase and dedication for occupancy or their rental, including but
33 not limited to low-income and moderate-income families, is in the
34 public interest of the State.

35
36 3. (New section) As used in this act:

37 "Affordable" means a sales price or rent within the means of a low
38 or moderate income household.

39 "Agency" means the New Jersey Housing and Mortgage Finance
40 Agency established pursuant to section 4 of P.L.1983, c.530
41 (C.55:14K-4).

42 "Community development corporation" means a nonprofit
43 community development corporation established pursuant to Title 15
44 of the Revised Statutes, Title 15A of the New Jersey Statutes, or other
45 law of this State, with a focus on producing and operating affordable
46 housing or housing with on-site social services for individuals with
47 special needs.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 "Community development financial institution" means an entity
2 designated and certified by the United States Department of the
3 Treasury as a Community Development Financial Institution
4 pursuant to 12 CFR Part 1805.

5 "Contractor" means a qualified community development financial
6 institution that enters into a contract or loan with the agency pursuant
7 to section 5 of P.L.1983, c.530 (C.55:14K-5).

8 "Eligible property" means any residential property that is owned
9 by an institutional lender as the result of a mortgage foreclosure
10 judgment, or deed in lieu of foreclosure, owned by a municipality as
11 the result of a tax foreclosure judgment or is subject to a
12 nonperforming loan from an institutional lender.

13 "Individuals with special needs" means individuals with mental
14 illness, physical or developmental disabilities, victims of domestic
15 violence, ex-offenders, youth aging out of foster care, disabled and
16 homeless veterans, individuals and households who are homeless,
17 individuals with AIDS/HIV, and individuals in other emerging
18 special needs groups identified by State agencies. Individuals shall
19 be at least 18 years of age if not part of a household.

20 "Institutional lender" or "lender" means any lawfully constituted
21 mortgage lender, mortgage investor, or mortgage loan servicer that
22 owns an eligible property including, but not limited to any agency or
23 instrumentality of the United States or the State, including, but not
24 limited to, the Government National Mortgage Association, the
25 Federal Home Loan Mortgage Corporation, the Federal National
26 Mortgage Association, the Federal Housing Administration, the
27 Small Business Administration, the Resolution Funding Corporation,
28 and the Federal Deposit Insurance Corporation.

29 "Intercreditor agreement" means an agreement among creditors
30 that sets forth the various lien positions and the rights and liabilities
31 of each creditor and its impacts on the other creditors.

32 "Low-income" means 50 percent or less of the median gross
33 household income for households of the same size within the housing
34 region in which the household is located, based upon the United
35 States Department of Housing and Urban Development's (HUD)
36 Section 8 Income Limits (uncapped) averaged across counties for the
37 housing region.

38 "Low-income housing" means housing affordable according to
39 United States Department of Housing and Urban Development or
40 other recognized standards for home ownership and rental costs, and
41 occupied or reserved for occupancy by households with a gross
42 household income equal to 50 percent or less of the median gross
43 household income for households of the same size within the housing
44 region in which the housing is located.

45 "Market-rate units" means housing not restricted to low- and
46 moderate-income households that may sell or rent at any price.

47 "Moderate-income" means more than 50 percent but less than 80
48 percent of the median gross household income for households of the

1 same size within the housing region in which the household is
2 located, based upon the United States Department of Housing and
3 Urban Development's (HUD's) Section 8 Income Limits (uncapped)
4 averaged across counties for the housing region.

5 "Moderate-income housing" means housing affordable according
6 to United States Department of Housing and Urban Development or
7 other recognized standards for home ownership and rental costs and
8 occupied or reserved for occupancy by households with a gross
9 household income equal to more than 50 percent but less than 80
10 percent of the median gross household income for households of the
11 same size within the housing region in which the housing is located.

12 "Permanent supportive housing" means a permanent lease based
13 housing unit that provides access to supportive services for
14 individuals with special needs and households with individuals with
15 special needs who can benefit from housing with services.

16 "Program" means the "New Jersey Residential Foreclosure
17 Transformation Program" established pursuant to this act.

18 "Qualified community development financial institution" means a
19 community development financial institution that has a minimum of
20 \$50 million in assets under management and a minimum of 2 years'
21 experience in the financing and acquisition of real estate for
22 affordable housing.

23 "Qualifying household" means a very-low, low-, or moderate-
24 income household, the head of which certifies in writing that the
25 household intends to occupy the property as a principal residence for
26 at least 12 months.

27 "Supportive shared living housing" means permanent lease-based
28 supportive housing that provides access to supportive services to
29 individuals with special needs who maintain separate leases for
30 bedrooms and share common living space.

31 "Very-low-income" means 30 percent or less of the median gross
32 household income for households of the same size within the housing
33 region in which the household is located, based upon the United
34 States Department of Housing and Urban Development's (HUD)
35 Section 8 Income Limits (uncapped) averaged across counties for the
36 housing region.

37 "Very-low-income housing" means housing affordable to,
38 according to United States Department of Housing and Urban
39 Development or other recognized standards for home ownership and
40 rental costs, and occupied by, or reserved for occupancy by,
41 households with a gross household income equal to 30 percent or less
42 of the median gross household income for households of the same
43 size within the housing region in which the housing is located.

44
45 4. (New section) a. There is established in the New Jersey
46 Housing and Mortgage Finance Agency the "New Jersey Residential
47 Foreclosure

1 Transformation Program,” which shall be subject to the powers of the
2 agency, as designated pursuant to section 5 of P.L.1983, c.530
3 (C.55:14K-5).

4 b. As part of the annual report made by the agency pursuant to
5 section 40 of P.L.1983, c.530 (C.55:14K-40), the agency shall
6 include a section to set forth the current nature and extent of
7 foreclosure activity in New Jersey and shall depict changes in
8 foreclosure activity from the prior calendar year. The report shall set
9 forth a complete operating and financial statement covering the
10 program’s operations, transactions and holdings during the preceding
11 year, including but not limited to:

12 (1) the total number of re-capitalized market rate units.

13 (2) the total numbers of very-low-income, low-income, and
14 moderate-income units that were produced for sale and for rental in
15 the preceding year pursuant to this act, their locations by
16 municipality, and the sources of financing used.

17
18 5. (New section) In addition to the powers of the agency
19 described in section 5 of P.L.1983, c.530 (C.55:14K-5), the agency
20 shall have the following powers:

21 a. The agency in furtherance of the program may enter into
22 contracts with any person, corporation, or entity which the agency
23 determines to be necessary or appropriate to carry out its
24 responsibilities under this act. Such contracts shall be subject to the
25 procedures adopted pursuant to section 6 of this act.

26 b. In carrying out the agency’s duties under this act, the agency
27 may employ the consulting services of real estate and loan portfolio
28 asset management firms, property management firms, auction
29 marketing firms , brokerage services firms, appraisers and such other
30 consultants and employees required in the judgment of the agency,
31 notwithstanding the provisions of Title 11A of the New Jersey
32 Statutes.

33 c. (1) Within 180 days after the adoption of this act, the agency
34 shall adopt a funding plan for the program utilizing the “Foreclosure
35 to Affordable Housing Transformation Fund” established pursuant to
36 section 9 of this act. The agency may directly fund the program
37 through revenue generated by the fund. The agency shall have the
38 authority to alter its funding plan as the Executive Director of the
39 agency deems necessary

40 (2) The funding plan as required by paragraph (1) of this
41 subsection shall include but not be limited to identifying
42 underwriting standards and credit standards for the acquisition of
43 foreclosed residential properties or mortgage assets.

44
45 6. (New section) a. (1) The agency may enter into contracts or
46 loans, or both, with no more than two qualified community
47 development financial institutions to negotiate, bid for, and purchase
48 eligible properties and mortgage assets for the purpose of producing

1 affordable housing as part of the program. In selecting contractors
2 from among qualified community development financial institutions,
3 the agency shall accord a strong preference to qualified community
4 development financial institutions that have substantial experience in
5 lending in New Jersey and substantial knowledge of New Jersey real
6 estate markets. The agency may enter into contracts or loans, or both,
7 with a partnership or consortia of organizations, as long as a qualified
8 community development financial institution is the lead entity, or a
9 partnership or consortia of multiple qualified community
10 development financial institutions.

11 (2) Should the agency contract with a community development
12 financial institution for the purposes of this act, the contracts shall
13 specify the amounts, schedules, and types of funding to be provided
14 by the agency to the qualified community development financial
15 institutions, the repayment schedule for the portion of that funding to
16 be repaid, and targeted goals of affordable housing to be produced.
17 The agency may condition funding and goals upon the availability of
18 funds to the program. The contracts shall specify reasonable
19 administrative costs sufficient to enable the qualified community
20 development financial institutions to exercise their obligations
21 pursuant to this act. The contracts shall set forth criteria for instances
22 when the purchase, sale, lease, and conveyance of properties as
23 market-rate units furthers the purposes of this act.

24 b. (1) As soon as possible after entering into a contract to
25 purchase an eligible property or mortgage asset for use as affordable
26 housing by the agency or its contractors, the municipality in which
27 the property is located, unless the eligible property is already owned
28 by the municipality as a result of a tax foreclosure judgment, shall be
29 afforded a 45-day period of time within which the municipal
30 governing body may opt to purchase the property in lieu of the
31 agency in accordance with the provisions set forth in this act. The
32 municipality may waive this right through written notice to the
33 agency or, if so designated by the agency, its contractors, prior to the
34 expiration of the 45-day period.

35 (2) Those eligible properties purchased by the qualified
36 community development financial institutions or the agency and
37 designated pursuant to this act for use as affordable housing shall be
38 restricted for occupancy as affordable housing for a period of up to
39 30 years. The restriction shall be set forth in the deed and recorded
40 in the office of the county recording officer of the county wherein the
41 real estate is situated. Affordability controls shall be imposed upon
42 purchase and maintained upon transfer in accordance with the
43 provisions of the Uniform Housing Affordability Controls
44 promulgated by the agency.

45 c. (1) As soon as possible after entering into a contract to
46 purchase an eligible property, but not less than ten business days after
47 the date the agency or its contractors enters into the contract, the
48 agency or its contractors shall provide written notice by personal

1 service or certified mail to the governing body of the municipality
2 within which the eligible property is located . The notice shall inform
3 the governing body of the municipality's opportunity to purchase the
4 eligible property, the municipality's right of first refusal to purchase
5 the property, and the municipality's right to use monies deposited in
6 its affordable housing trust fund, except that the written notice shall
7 not be required if the eligible property is already owned by the
8 municipality as a result of a tax foreclosure judgment.

9 (2) As soon as possible after entering into a contract to purchase
10 an eligible property, but not less than ten business days after the date
11 the agency or its contractors enters into the contract, the agency or
12 its contractors shall list the property on agency's website. The listing
13 shall contain basic information about the property, including but not
14 limited to location, condition, and information relating to the
15 estimated fair market value of the property.

16 (3) The agency or its contractors, after entering into a contract to
17 purchase an eligible property, shall allow public agencies,
18 community development corporations, developers, and qualifying
19 households reasonable access to the eligible property for purposes of
20 inspection.

21 d. (1) In order to exercise its right to purchase an eligible
22 property, the governing body of the municipality shall provide
23 written notice to the agency or, if so designated by the agency, its
24 contractors, within 45 days of the municipality's receipt of the notice
25 required pursuant to subsection c. of this section.

26 (2) The governing body of a municipality may adopt a resolution
27 authorizing the mayor or other designated municipal official to
28 respond to notices received pursuant to subsection c. of this section.
29 The resolution may establish parameters for that exercise of
30 authority, including but not limited to the total amount of funds that
31 may be expended and the amount that may be expended for each unit
32 of housing.

33 (3) A municipality may use any available funding sources to
34 purchase eligible properties or mortgage assets through the agency
35 pursuant to this act, except for funds that are dedicated to another
36 purpose by law, covenant, or other obligation.

37 (4) Whenever a municipality does not exercise an option to
38 purchase an eligible property under this section, the agency or its
39 contractors may convey the property for occupancy as affordable
40 housing subject to a 30-year maximum deed restriction to another
41 public agency, a community development corporation, a developer,
42 or a qualifying household or the contractors may lease the property
43 for occupancy as affordable housing subject to a 30-year maximum
44 deed restriction. A municipality that does not exercise an option to
45 purchase an eligible property under this section may adopt a
46 resolution authorizing the agency or its contractors to use monies
47 deposited in that municipality's affordable housing trust fund, up to

1 and including the negotiated purchase price of the eligible property,
2 and apply those funds to the purchase of the eligible property.

3 e. Notwithstanding any other provision of this section to the
4 contrary, the agency and, if authorized by contract, its contractors,
5 may purchase, sell, lease, and convey market rate-units without
6 offering those units to the municipality and without imposing
7 affordability controls upon the property if the purchase, sale, lease,
8 and conveyance of those properties as market-rate units satisfy
9 criteria established pursuant to contract in accordance with
10 subsection a. of this section and does not violate the terms of any
11 other provision of law or requirement, including those governing the
12 use of funds used to make the purchase.

13 f. All purchases, sales, leases, and conveyances of property by
14 qualified community development financial institutions exercised
15 pursuant to this section shall be deemed to lessen the burdens of
16 government in furthering the purposes of this act.

17

18 7. (New section) a. A municipality that purchases an eligible
19 property pursuant to this act shall sell and convey, or lease, the
20 housing unit or units acquired within 60 days of the date of purchase,
21 unless it is not possible to do so due to practical or market conditions.
22 In the event that an eligible property is not conveyed or leased within
23 180 days of the date of purchase, or remains vacant for a 180-day
24 period during the pendency of affordability controls, the agency may
25 commence proceedings to take control of the property and to sell and
26 convey or lease the property in furtherance of the purposes of this act
27 and deed restrictions of record.

28 b. The governing body of a municipality that purchases an
29 eligible property pursuant to this act may, by resolution, authorize
30 the private sale and conveyance, or the lease, of a housing unit or
31 units acquired pursuant to this act. Every deed and rental agreement
32 shall contain a provision specifying the requirement that the housing
33 unit or units shall remain available to low- and moderate-income
34 households for a period of at least 30 years.

35 c. Except as provided in subsection d. of this section, whenever
36 the agency, its contractors, or a municipality purchases an eligible
37 property pursuant to this act from monies deposited in the
38 municipality's affordable housing trust fund and dedicates the
39 property for affordable housing, as required by this act, that
40 municipality shall receive two units of credit towards its affordable
41 housing obligation for:

42 (1) each eligible property sold or conveyed as a for-sale unit or
43 leased as rental housing;

44 (2) each unit of affordable housing dedicated for permanent
45 supportive housing other than supportive shared living housing; and

46 (3) each new bedroom dedicated in supportive shared living
47 housing.

1 d. The total number of additional units of credit beyond the actual
2 units of housing provided pursuant to this act, when combined with
3 any additional credits that may apply towards a municipality's
4 affordable housing obligation, shall not exceed 25 percent of
5 whatever the municipality's total cumulative new construction
6 affordable housing obligation may be. No unit or bedroom shall
7 receive the additional units of credit described in this act in addition
8 to any other type of additional units of credit that may be available
9 towards a municipality's affordable housing obligation.

10
11 8. (New section) a. For the purposes of this section:

12 "Foreclosure-impacted municipality" means a municipality that
13 documents a minimum of 10 units of housing that have been
14 foreclosed upon and have remained unsold on a Multiple Listing
15 Service for at least 60 days; and

16 "Units of housing" means units of housing that are not age-
17 restricted and are habitable year-round, including but not limited to,
18 single family homes, condominium units, cooperative units, and
19 mobile homes with at least two bedrooms.

20 b. (1) Prior to the date that a foreclosure-impacted
21 municipality's development fees or payments-in-lieu fees are
22 scheduled to transfer to the "New Jersey Affordable Housing Trust
23 Fund" pursuant to section 8 of P.L.2008, c.46 (C.52:27D-329.2) or
24 section 9 of P.L.2008, c.46 (C.52:27D-329.3), the municipality may
25 adopt a resolution committing the expenditure of municipal
26 affordable housing trust fund monies. These funds shall be used to
27 produce very-low-income, low-income, and moderate-income
28 housing. The resolution shall authorize the transfer of a minimum of
29 \$150,000 from the municipality's municipal affordable housing trust
30 fund to the "Foreclosure to Affordable Housing Transformation
31 Fund" for use by the agency or its contractors for the provision of
32 affordable housing pursuant to this section and the procedures
33 specified in section 6 of this act.

34 (2) The resolution may authorize the mayor or other designated
35 municipal official to exercise the municipal powers set forth in
36 section 7 of this act. The resolution may establish parameters for that
37 exercise of authority, including but not limited to purchase price
38 levels for the exercise of that power.

39 c. (1) The agency or its contractors shall use funds transferred
40 pursuant to subsection b. of this section to produce very-low, low-,
41 and moderate-income housing within the municipality transferring
42 funds pursuant to this section, with a deed restriction specifying that
43 the housing unit or units shall remain available to low- and moderate-
44 income households for a period up to 30 years.

45 (2) If the agency or its contractors are unable to utilize some or
46 all of the funds provided to produce affordable housing within the
47 municipality within two years of the transfer of such funds to the
48 "Foreclosure to Affordable Housing Transformation Fund," the funds

1 shall be returned to the municipality as soon as practicable after the
2 two-year anniversary of such transfer. From the date any such funds
3 are returned to the municipality, the municipality shall be required to
4 commit the funds in accordance with section 8 of P.L.2008, c.46
5 (C.52:27D-329.2) or section 9 of P.L.2008, c.46 (C.52:27D-329.3),
6 as applicable, within the time constraints set forth in those sections
7 or within six months after the date of transfer of funds back to the
8 municipality, whichever is later.

9 d. Affordable housing created through the "Foreclosure to
10 Affordable Housing Transformation Fund" pursuant to this section
11 shall receive bonus affordable housing credit as set forth in
12 subsection c. of section 7 of this act, even if the municipality does
13 not exercise its right to purchase the property.

14 e. No agency of the State of New Jersey shall take any action to
15 transfer funds from a municipal affordable housing trust fund to the
16 "New Jersey Affordable Housing Trust Fund" established pursuant
17 to section 20 of P.L.1985, c.222 (C.52:27D-320) when such funds are
18 designated to effectuate the purposes of this act during the
19 timeframes established in this section.

20
21 9. (New section) a. There is established within the agency a
22 "Foreclosure to Affordable Housing Transformation Fund," which
23 shall be a non-lapsing, revolving fund and which shall be the
24 repository for funds appropriated or otherwise made available for the
25 purposes of this act, and any interest earned thereon. The fund shall
26 be administered by the agency, in accordance with its authority under
27 section 5 of P.L.1983, c.530 (C.55:14K-5) to manage funds for
28 housing programs.

29 b. The agency may transfer into the "Foreclosure to Affordable
30 Housing Transformation Fund" any amounts held or received by the
31 agency that may be used for the production of affordable housing and
32 that is needed by the agency or its contractors for the purchase of
33 eligible property.

34 c. The agency may use annually up to fifteen percent of the
35 monies available in the fund for the payment of any necessary
36 administrative costs related to the administration of this program.

37 d. Revenue generated through the mechanisms established
38 pursuant to section 10 of this act exceeding the funding plan
39 developed pursuant to subsection c. of section 5 of this act may be
40 appropriated by the agency for additional foreclosure prevention
41 programs.

42
43 10. N.J.S.2A:17-38 is amended to read as follows:

44 2A:17-38. a. When a sheriff or other officer makes a sale by virtue
45 of an execution or executions to the sheriff or officer directed, the
46 sheriff or officer shall, within 30 days thereafter, make and file, with
47 his bill of costs or execution fees, in the office of the clerk of the
48 court out of which the execution or executions issued, a true

1 statement and calculation, in order of time, of the execution or
2 executions by virtue of which the sale was made, the amount or
3 amounts due thereon, respectively, at the time of the sale, the time or
4 times of sale and the amount of the sales.

5 b. (1) When calculating the amount due thereon, as described in
6 subsection a. of this section, the sheriff or officer shall additionally
7 collect \$350 per sale to be utilized by the **[fund]** "Foreclosure to
8 Affordable Housing Transformation Fund" within the New Jersey
9 Housing and Mortgage Finance Agency **[established in section 6 of**
10 **P.L.2021, c.34 (C.55:14K-99)]** as established in section 9 of
11 P.L. , c. (C.) (pending before the Legislature as this bill).

12 (2) The revenues obtained from these increased amounts, after
13 deduction of any actual administrative costs incurred by the sheriff
14 or officer in carrying out the provisions of this subsection, shall be
15 transmitted no later than the first day of each quarter by the sheriff
16 or officer to the **[fund]** "Foreclosure to Affordable Housing
17 Transformation Fund" within the New Jersey Housing and Mortgage
18 Finance Agency as established in section 9 of P.L. , c. (C.)
19 (pending before the Legislature as this bill) with an accounting of
20 collections and foreclosure actions during the corresponding quarter.

21 (3) The provisions of paragraphs (1) and (2) of this subsection
22 shall not be applied when the purchaser is financing the sale through
23 the use of a first-time homebuyer loan insured by the Federal Housing
24 Administration.

25 c. The statement shall be certified under the hand of the officer
26 making and filing it, and shall be conclusive against the officer only.
27 If there be more sales than one, the statement shall be made and filed
28 within 30 days after the final sale.

29 (cf: P.L.2021, c.34, s.9)

30
31 11. This act shall take effect immediately.

32 33 34 STATEMENT

35
36 This bill, the "New Jersey Residential Foreclosure Transformation
37 Act," establishes the "New Jersey Residential Foreclosure
38 Transformation Program" within the New Jersey Housing and
39 Mortgage Finance Agency (HMFA) for the purpose of purchasing
40 eligible properties, including foreclosed residential properties from
41 institutional lenders, properties owned by municipalities as a result
42 of tax foreclosure, and certain properties subject to a nonperforming
43 loan, and dedicating the properties for occupancy as affordable
44 housing.

45 The bill requires HMFA to include in its existing annual report a
46 section to set forth the current nature and extent of foreclosure
47 activity in the State, and a complete operating and financial statement

1 covering the program's operations, transactions, and holdings during
2 the year.

3 The bill empowers HMFA to purchase eligible properties to
4 produce affordable housing and dedicate it for those purposes for up
5 to 30 years. The bill authorizes HMFA to enter into contracts or
6 loans, or both, with no more than two experienced, financially
7 sophisticated, community development financial institutions to
8 enhance the ability of the corporation to fulfill its purpose of
9 producing affordable housing.

10 If HMFA or its contractors purchase an eligible property from
11 monies deposited in a municipality's affordable housing trust fund,
12 the municipality would receive two units of bonus credit against its
13 fair share affordable housing obligation for each eligible property
14 sold or conveyed as a for-sale unit or leased as rental housing; for
15 each unit of affordable housing dedicated for permanent supportive
16 housing, other than supportive shared living housing; and for each
17 new bedroom dedicated in supportive shared living housing.

18 The bill provides that the number of additional units of credit that
19 a municipality may receive towards its affordable housing obligation
20 for property purchased and dedicated as affordable housing under the
21 bill cannot exceed 25 percent of the municipality's affordable housing
22 obligation. The bill specifies that a municipality cannot receive both
23 additional units of credit for producing a unit of affordable housing
24 under this bill, and additional units of credit for that unit under
25 another provision of law.

26 The bill establishes a mechanism through which a "foreclosure-
27 impacted municipality," one that has 10 or more foreclosed homes
28 listed on a multiple listing service for at least 60 days, can insulate
29 its affordable housing trust funds from the laws that require the
30 transfer of its trust fund monies to the "New Jersey Affordable
31 Housing Trust Fund." A foreclosure-impacted municipality can
32 accomplish this by adopting a resolution committing the expenditure
33 of its municipal affordable housing trust fund monies for the
34 production of affordable housing and authorizing the transfer of at
35 least \$150,000 of its municipal affordable housing trust fund monies
36 to HMFA for the production of affordable housing.

37 The bill requires HMFA to use funds transferred from a
38 foreclosure-impacted municipality to produce affordable housing
39 within that municipality. If the corporation is unable to use all of the
40 transferred funds within two years of the date of transfer, HMFA will
41 return the remaining funds to the municipality and the municipality
42 will have at least six months from the date the funds are returned to
43 commit the funds in accordance with other provisions of law. During
44 this period, all municipal trust fund monies designated for the
45 purchase of foreclosed properties will be protected from transfer to
46 the State. A municipality will receive bonus credits, as otherwise
47 provided by the bill, for affordable housing produced by the
48 corporation or by one of its contractors pursuant to this mechanism.

1 The bill allows HMFA to establish criteria to identify the
2 circumstances when the purchase, sale, lease, or conveyance of
3 market-rate units furthers the purposes of the program. The
4 corporation, or its contractors, will be able to purchase, sell, lease, or
5 convey market-rate units in accordance with those criteria without
6 imposing affordability controls upon the property provided the
7 transaction does not violate any other law or requirement.

8 The bill establishes the "Foreclosure to Affordable Housing
9 Transformation Fund," to be administered by HMFA, and to serve as
10 the repository for funds appropriated or made available for the
11 program. The bill require the sheriff or officer, when calculating the
12 amount due at the sheriff's sale, to consider an additional \$350 per
13 sale for certain sales, to be utilized by the fund, or by other
14 foreclosure prevention programs as determined by HMFA.